

**POTTER CREEK HOMEOWNERS' ASSOCIATION
PO BOX 92130
ANCHORAGE, AK 99509-2130**

March 9, 2009

Potter Creek Homeowners

Re: Water Rate Case

Dear Homeowners:

As you know, the owner of the water utility serving our members applied for a rate increase last summer. If approved by the Regulatory Commission of Alaska, it would mean an extra roughly \$75,000.00 per year being paid for water by the homeowners. With no increase in service or valid justification of any kind for the proposed increase, it would more than double the amount each of us pay per month for water. The Association retained counsel and has opposed the utility's application before the RCA. What you may not know is that even before the requested increase, the water rates paid by the Potter Creek homeowners are among the highest in the state. Typical AWWU residential water rates are roughly half of what Potter Creek homeowners have been paying.

The RCA will be holding a hearing in early April on the utility's requested rate increase. In addition, the RCA has scheduled what it calls a Consumer Input Hearing. Such a Consumer Input Hearing is a rare step, but is being offered by the RCA to the Potter Creek homeowners as an opportunity for them to voice their positions on the utility's requested increase.

The Consumer Input Hearing is scheduled for April 2, 2009, beginning at 6:00 p.m. The hearing will be held at the RCA offices, which are at 701 W. 8th Ave., on the third floor.

This will be your opportunity to make the RCA aware of your position on the requested rate increase. As you no doubt know, numbers do make a difference. The members of the hearing panel will understand what it takes in terms of initiative and commitment to put an event like this on your schedule and go out of your normal daily life to attend. It is important to the association that as many people as possible appear and make their views known. Only a short time such as two or three minutes would be allotted for each to speak. Consequently, it does not require an elaborate or eloquent speech, but rather only a short and succinct expression of your position. Attached is a list of factual points which you may use if you are so inclined.

The RCA also accepts comments by e-mail on its web page at <https://rca.alaska.gov/RCAWeb/ContactUs/ContactInfo.aspx>

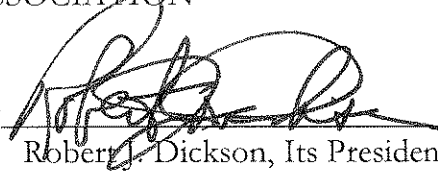
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Should you have any questions, please do not hesitate to telephone either our manager, Crystal McDonald at 562-2929 or any of the board members.

Very truly yours,

POTTER CREEK HOMEOWNERS'
ASSOCIATION

By

A handwritten signature in black ink, appearing to read "Robert J. Dickson", is written over a horizontal line. The signature is stylized and cursive.

Robert J. Dickson, Its President

RJD/jkh
cc: Crystal McDonald (PMSI)
99825/9998.20092

WHY THE PROPOSED RATE INCREASE IS UNREASONABLE
AND SHOULD BE DENIED

- Potter Creek Water Company was formed for the sole purpose of providing water service to the resident of Potter Creek. I am one of those residents.
- I have lived in Potter Creek for _____ years.
- I understand we currently pay the highest rate for water service in Anchorage.
- My monthly water bill is currently two to three times what AWWU customers pay. The proposed rate increase would more than double our current rate.
- In the last two years, the utility owner has told us he intended to sell the utility and that if he didn't get various rate increases he would sell off certain assets of the utility to our detriment.
- The owner must not be allowed to do that.
- As a homeowner in Potter Valley I do not have another option for water. My lot is too small for well service and AWWU has not extended its service the extra mile from Golden View to Potter Valley. I wish it would. At least then we would know that the water we drink is safe and the pipes and equipment that provides us that water is being managed properly.

- Our current rates are very high and more than adequately provide the finances to operate the utility.
- The proposed rate increase is unreasonable and unsupported by any change in our water service.
- Instead, the owner of the utility is trying to improperly pay himself rent on land that he built the water reservoir on many decades ago.
- He is also trying to improperly pay himself and his wife an outrageous salary to manage the utility – from Homer.

- Thank you for investigating the proposed rate increase.
- It is unfortunate the Homeowners Association has to monitor the actions of the Utility so closely and to spend a significant amount of our reserves to hire a law firm to help us defend against his outrageous request.
- The rate increase should be denied.
- The owner has also threatened the homeowner's substantial harm by selling off utility assets. As a result, we believe the Commission should also investigate his overall management practices.